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Paul J. McNulty, United States Attorney for the Eastern District of Virginia, announced that a former senior executive of PurchasePro.com, a defunct, publicly-traded company headquartered in Las Vegas, Nevada, was sentenced today in connection with a corporate fraud scheme to inflate PurchasePro's sales revenue for the fourth quarter of 2000 and the first quarter of 2001.

The Honorable Leonie M Brinkema sentenced Jeffrey R. Anderson, former Senior Vice President of Sales and Strategic Development, to 33 months of imprisonment and a fine of $2,000 pursuant to his previously entered guilty plea to conspiracy to commit wire fraud.

Judge Brinkema found that Anderson caused $15 million in losses.

Mr. McNulty said: "Today's sentence is an encouraging development in our efforts to hold corporate criminals accountable. Mr. Anderson caused significant harm and losses to investors in Virginia and throughout the country. This case sends a strong message to those who think they can cheat honest citizens of their investments. Those who deceive the financial markets and the investing public will be prosecuted to the fullest extent possible."

PurchasePro was engaged in the sale of computer software, including a so-called business-to-business "marketplace license." This license allowed small and large businesses to buy and sell products on the Internet, to participate directly in PurchasePro's own web-site based marketplace, or to create their own branded marketplace using PurchasePro's software.

Anderson and his co-conspirators falsely inflated by a material amount the revenue reported by PurchasePro to the investing public and the U.S. Securities and Exchange Commission for the fourth quarter of 2000 and the first quarter of 2001. A substantial portion of the fraudulently reported revenue was earned from marketplace license sales improperly recognized as revenue because Anderson and his co-conspirators had achieved the sales as a result of side agreements with the purchasers that had not been disclosed to PurchasePro's outside auditors and the investing public.

In furtherance of the conspiracy, PurchasePro had a warrant agreement with the media company that allowed the media company to "earn" a total of $30 million worth of PurchasePro warrants. In exchange for the $30 million worth of warrants, at least half of which were earned when PurchasePro provided to the media company false credits for referrals, the media company agreed to reward PurchasePro with revenue in future quarters. An employee of the media company and others then entered into side agreements with the media company's partners and suppliers, resulting in their purchase of marketplace licenses in the first quarter of 2001, in an effort to help PurchasePro meet its revenue objectives.

The United States Attorney's Office wishes to thank the Division of Enforcement of the United States Securities and Exchange Commission and the Criminal Prosecution Assistance Group of NASD Regulation, Inc. for its assistance in this matter.

The investigation is ongoing and is being conducted by the Federal Bureau of Investigation. The case is being prosecuted by Assistant United States Attorneys Claudius B. Modesti and Charles F. Connolly, and Adam A. Reeves, Trial Attorney with the Fraud Section, of the United States Department of Justice Criminal Division.

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